

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BIG RIVERS ELECTRIC CORPORATION'S)	
MOTION TO AMEND PRIOR ORDERS TO)	
AUTHORIZE REFINANCING OF \$61,000,000)	
COUNTY OF WEBSTER POLLUTION CONTROL)	
INTERIM REVENUE BONDS, SERIES OF)	
1978, BY SALE OF COUNTY OF WEBSTER,)	CASES NO.
KENTUCKY, POLLUTION CONTROL INTERIM)	6150 and 6719
REVENUE BONDS, SERIES OF 1981, IN)	
THE AMOUNT OF \$61,000,000, AND THE)	
BORROWING OF THAT AMOUNT BY BIG)	
RIVERS FROM SUCH COUNTY FOR PAYMENT)	
OF SERIES OF 1978 BONDS)	

AMENDED ORDER

By Amended Order dated November 1, 1978, in Cases No. 6150 and 6719, the Commission authorized Big Rivers Electric Corporation ("Big Rivers") to borrow not exceeding \$79,000,000 from County of Webster, Kentucky, as the proceeds of a County of Webster, Kentucky, Pollution Control Interim Revenue Bond Issue, Series 1978, the maturity of such bonds to be not in excess of 5 years, the proceeds of the said bonds to be used to purchase and install pollution control facilities for its Green 1 and 2 Units at the Green Electric Generating Station in Webster County, Kentucky.

Pursuant to such Order, County of Webster, Kentucky, sold its Pollution Control Interim Revenue Bond Issue,

Series 1978, in the principal amount of \$61,000,000, which said sum Big Rivers then borrowed from County of Webster, Kentucky ("County"). Big Rivers evidenced its indebtedness to County by executing and delivering its promissory note in the amount of \$61,000,000 payable to the order of County in such amounts and at such times as were required to pay the principal and interest on the County's said Series 1978 bond.

The County of Webster, Kentucky, Pollution Control Interim Revenue Bond, Series 1978 ("County Bond, Series 1978"), and Big Rivers' promissory note for \$61,000,000 to pay such bond are due on January 18, 1982. Big Rivers can refinance the 1978 debt to the County with funds borrowed from the following lenders at the following approximate interest rates, based upon rates prevailing as of December 4, 1981:

(a) From the Federal Financing Bank ("FFB"), with a guaranty by the Rural Electrification Administration ("REA") at a rate of 13.236 percent for a long-term loan and a rate of 12.8 percent on a short-term loan, or an initial annual interest cost of \$8,073,960 for a long-term loan and \$7,808,000 for a short-term loan.

(b) From a public sale of long-term County of Webster Pollution Control Bonds at an average interest cost of approximately 13.5 percent to 14 percent per annum, or an initial annual interest cost of \$8,235,000 to \$8,540,000 or

(c) From County of Webster, Kentucky, by borrowing the proceeds of such County's sale of a \$61,000,000 Pollution Control Interim Revenue Bonds, Series 1981, payable on demand, but not later than April 1, 1983, at a floating interest rate equal to a percentage to be negotiated, estimated at 65 percent, but not higher than 70 percent of the average per annum coupon equivalent of the discount rate at which 13 weeks United States Treasury Bills are sold each week, an estimated net interest cost to Big Rivers of 8.1376 percent per annum (including a commitment fee and a letter of credit fee totaling 1.38 percent payable to Continental Illinois National Bank of Chicago, for its agreement to purchase any of such bonds as are presented for payment prior to April 1, 1983), or an initial interest cost of \$4,963,936.

The Commission finds that the proposed refinancing of the County Bond, Series 1978, with the proceeds of the sale of County of Webster, Kentucky, Pollution Control Interim Revenue Bonds, Series of 1981, in the amount of \$61,000,000 will save Big Rivers and its consumer members during the first year approximately \$2,844,064 over current short-term FFB financing, or approximately \$3,371,074 over current long-term tax-free bond interest rates and that savings in subsequent years are likely to be substantial, but that if FFB rates, or long-term tax-free bond rates should prove more advantageous to Big Rivers in subsequent years, Big Rivers can utilize either of the two sources of funds to refinance

the said County of Webster, Kentucky, Pollution Control Interim Revenue Bonds, Series 1981, and Big Rivers' note to such County.

Big Rivers' borrowing from County of Webster, Kentucky of \$61,000,000, the proceeds of the sale of County of Webster, Kentucky, Pollution Control Interim Revenue Bonds, Series of 1981, is for a lawful object within the corporate purposes of the utility, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public, and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

Big Rivers' motion to amend prior orders is in the public interest and should be approved.

IT IS THEREFORE ORDERED that the orders in Cases No. 6150 and 6719 are hereby amended to allow Big Rivers Electric Corporation to borrow not exceeding \$61,000,000 from County of Webster, Kentucky, upon substantially the terms and conditions set forth in its motion herein and in the following documents, all to be dated as of December 1, 1981, which are filed with Big Rivers' Motion as Exhibits 6, 7 and 8:

(a) a Loan Agreement between County of Webster, Kentucky, and Big Rivers,

(b) a Trust Indenture between County of Webster and Citizens Fidelity Bank & Trust Company,

(c) a Reimbursement and Bond Purchase Agreement among County of Webster, Continental Illinois National Bank & Trust Company of Chicago, and Big Rivers Electric Corporation.

The proceeds of the County of Webster, Kentucky, Pollution Control Interim Revenue Bonds, Series of 1978, as borrowed by Big Rivers, shall be used for no other purpose than the payment of the County of Webster, Kentucky, Pollution Control Interim Revenue Bond, Series 1978, and Big Rivers' promissory note payable to the order of such County for the purpose of retiring the said Series 1978 Bond.

All provisions of the Commission's prior orders entered in Cases No. 6150 and 6719 not in conflict with this order shall remain in full force and effect.

The data furnished by Big Rivers in support of its motion constitutes full compliance with the Commission's rules and regulations and any other data ordinarily required is waived.

Nothing contained herein shall be construed as a finding of value for any purpose, or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof.

Within 45 days from the completion of the sale of the County of Webster, Kentucky, Pollution Control Interim Revenue Bonds, Series 1981, Big Rivers shall furnish the Commission with the following:

(a) a copy of the completed documents by which the said bonds were sold and the proceeds thereof were loaned to Big Rivers,

(b) the initial interest rate to be paid by Big Rivers, and

(c) a listing of all expenses incurred in such financing.

Big Rivers shall secure consent or approval from REA before executing the plan of refinancing herein approved.

Done at Frankfort, Kentucky this 5th day of January 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Vohy
Chairman

Katharine Randall
Vice Chairman

Art Carraway
Commissioner

ATTEST:

Secretary